



Community Development Financial Institutions (CDFI) Fund

Overview
CDFI Programs and Native Initiatives
Alaska Recovery Act Grant Symposium
April 14, 2009

CDFI Fund Mission



The mission of the CDFI Fund is to expand the capacity of financial institutions to provide credit, capital, and financial services to underserved populations and communities in the United States.

CDFI Fund Programs



CDFI Fund Programs:

- CDFI Financial Assistance (FA) & Technical Assistance (TA)
- Native Initiatives
- Bank Enterprise Award (BEA)
- New Market Tax Credit (NMTC)
- Certification

What are CDFIs?



CDFIs are mission-driven community-oriented financial institutions, whether for-profit or non-profit.

They operate in a variety of organizational forms to meet the needs of the “under-banked” and “unbanked” in their markets. CDFIs include the following types of organizations:

- ▶ FDIC-insured Community Banks
- ▶ Bank Holding Companies
- ▶ Credit Unions
- ▶ Housing, Business & Micro Loan Funds
- ▶ Community Development Venture Capital Funds

CDFI Program



Purpose:

- Promote economic revitalization and community development through investment in and assistance to CDFIs
- Help build the capacity of CDFIs to serve eligible Target Markets (e.g., low-income people, economically distressed areas, communities lacking adequate access to affordable financial products and services)
- Leverage CDFI Fund resources through loans, deposits, grants

CDFI Program Awards History



- FY1996 – First awards
- FY1996 - FY2008 –Awarded almost \$1 billion through the CDFI, Native initiatives, and BEA programs
- Avg assets for depository institutions - \$32 million
- Avg asset size of non-depository institutions - \$21 million
- As of 3/1/09 – 819 certified CDFIs

CDFI and NACA Programs



CDFI Program (FA and/or TA)

Financial Assistance (FA) Component [Core/SECA]

- Provides “matched” funds in the form of loans, equity investments, deposits and grants
- Only available to certified CDFIs
- Comprehensive Business Plans (CBP) must demonstrate applicant has ability to leverage non-Federal dollars to support

Technical Assistance (TA) Component

- Provides grants for organizational capacity building
- Available to certified CDFIs and “emerging CDFIs”
- Up to \$100,000 for operating expenditures supporting the CBP

Native American CDFI Assistance (NACA) (FA and/or TA +Training)

- Provides TA and/or FA to CDFIs serving Native communities

FA Applicant Categories



Ranked and Scored Separately

- Category I: Small & Emerging (SECA)
 - Less operating experience and/or smaller in Asset Size
 - Maximum prior FA award limit = \$500,000
 - Maximum FA request of \$500,000
- Category II: Core & Sustainable (Core)
 - All those that do not fit SECA category
 - Generally, more established CDFIs with longer operating experience
 - Maximum FA request of \$2 million

Financial Assistance Award Uses

- Financial Products
- Loan Loss Reserves
- Capital Reserves
- Operations

Technical Assistance Award Uses

- A. Personnel (Salary)
- B. Personnel (Fringe Benefits)
- C. Training
- D. Travel
- E. Professional Services
- F. Materials / Supplies
- G. Equipment and Other Capital Expenditures
- H. Other Costs

Examples:

- Strategic Plans
- Market analysis
- Policies and procedures
- Curricula for development services
- Underwriting
- Training
- Computer upgrades

Comprehensive Business Plan



	TA Only Applicants	Category I/SECA	Category II/Core
Market Analysis	25 points	25 points	20 points
Business Strategy	25 points	25 points	20 points
Community Development Performance and Effective Use	20 points	20 points	20 points
Management	20 points	20 points	20 points
Financial Health and Viability	10 points	10 points	20 points
Technical Assistance Proposal	Not Scored	Not Scored	Not Scored

NATIVE INITIATIVES

Native American CDFI Assistance (NACA) Program Overview



- **Funding Program:**
 - Native American CDFI Assistance (NACA) Program
- **Training and Technical Assistance Programs:**
 - Native Communities Financing Initiative
 - Native Financial Skills Initiative
 - Native IDA Initiative
 - Native Entrepreneur and Enterprise Development

NACA Definitions



- **Native American (NA)/Native American Communities**
 - Any Native American, Alaska Native, or Native Hawaiian populations, lands or census-equivalent entities (with the exception of State or Tribal Designated Statistical Areas)
- **Native American CDFI**
 - A CDFI with greater than 50% of its activities directed to NA Communities
- **Sponsoring Entity**
 - Proposes to create a separate legal entity that will become certified as a Native CDFI

NACA Applicant Types



- Type 1: Certified/Certifiable Native CDFI
 - Already certified or immediately eligible for certification
- Type 2: Emerging Native CDFI
 - Able to become certified within 2 years of award
- Type 3: Sponsoring Entity
 - Will create a separate legal entity within 2 years of award. New entity will continue to become a certified Native CDFI within 3 years of award

NACA Results



- 2001 – 9 certified CDFIs serving Native Communities
- February 2009 – 47 certified CDFIs serving Native Communities
- February 2009 – About 60 tribal organizations in various stages of moving toward certification
- Through 2008 – Cumulative awards of \$31 million made to create/strengthen Native CDFIs

CDFI Fund Recovery Act Plan



CDFI Program:

- Larger Awards – Up to \$2 million FA for Core and \$600,000 for SECA
- Additional Application – CDFI Fund will release a revised NOFA for FY09 Appropriations
 - Note: CDFIs that applied for and/or receive TA-only awards will be permitted to apply for FA funding under this supplemental round. Applicants that applied for FA under the first round will not be eligible to reapply under the supplemental but will still be in consideration.

CDFI Fund Recovery Act Plan



NACA Program:

- Larger Awards – Up to \$750,000 for FA awards
- Additional Application – CDFI Fund will release a revised NOFA for FY09 NACA Appropriations
 - Note: CDFIs that applied for and/or receive TA-only awards will be permitted to apply for FA funding under this supplemental round. Applicants that applied for FA under the first round will not be eligible to reapply under the supplemental but will still be in consideration.

Questions?



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